UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

In re: THE CELOTEX CORPORATION, et al., Debtors.	CONSOLIDATED CASE NOS. Case No. 90-10016-8G1 Case No. 90-10017-8G1 Chapter 11

ANNUAL REPORT, SUMMARY OF CLAIMS DISPOSED, FINANCIAL STATEMENT, AND ACCOUNT OF THE TRUSTEE OF THE ASBESTOS SETTLEMENT TRUST FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2018

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Sharon M. Meadows, sole trustee of the Asbestos Settlement Trust (the "**Trust**"), created pursuant to the Modified Joint Plan of Reorganization Under Chapter 11 of the United States Bankruptcy Code for the Celotex Corporation and Carey Canada, Inc. ("**Plan of Reorganization**"), submits this Annual Report, Summary of Claims Disposed, Financial Statement, and Account for the calendar year ended December 31, 2018.

I. GENERAL

A. Purpose and Contents

The purpose of this Annual Report, Summary of Claims Disposed, Financial Statement, and Account is to fulfill the financial reporting requirements of the Second Amended and Restated Asbestos Settlement Trust Agreement (the "**Trust Agreement**"), to report on the actions taken and obligations incurred on behalf of the Trust by its trustees during the period January 1, 2018 to December 31, 2018 (the "**Reporting Period**"), and to provide the basis for the trustee' annual account and the Court's discharge of the trustees from liability arising out of any matter disclosed herein, as provided in Article 5.12 of the Trust Agreement.

B. Background on Bankruptcy Cases and the Trust

On October 12, 1990, the Celotex Corporation ("**Celotex**"), and its wholly owned subsidiary, Carey Canada, Inc. ("**Carey Canada**"), filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code. The Chapter 11 cases of Celotex and Carey Canada (the "**Bankruptcy Cases**") were consolidated for procedural purposes, and jointly administered, pursuant to an order of the Court. On December 6, 1996, the Court entered an order in these cases confirming the Plan of Reorganization. On March 4, 1997, the United States District Court for the Middle District of Florida adopted and affirmed this Court's confirmation order. On May 30, 1997 (the "**Effective Date**"), the Plan of Reorganization became effective and the trustees began to operate the Trust.

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Through a series of transactions on and shortly after the Effective Date, the Trust was funded with the stock of Celotex, Carey Canada, Walter Industries, and JWC, along with significant amounts of cash and the expected proceeds from certain litigation. The purpose of the Trust is to assume the asbestos liabilities of Celotex and its affiliates, and to use the assets of the Trust to pay all the asbestos claimants, both present and future, of those companies on a substantially equivalent basis.

C. Governing Provisions of the Trust Agreement

The Annual Report, Summary of Claims Disposed, Financial Statement, and Account are filed in compliance with the following provisions of the Trust Agreement.

Article 3.2 (c) of the Trust Agreement provides:

> **3.2 General Administration**.
>
> (c) (i) The trustees shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, and in any event within one hundred and twenty (120) days following the end of each fiscal year, an annual report containing financial statements of the Trust (including, without limitation, a balance sheet of the Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the trustees and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the cash and investments available for the payment of claims and as to the conformity of the financial statements with the special-purpose accounting methods adopted by the trustees. The trustees shall provide a copy of such report to the TAC, the Legal Representative, the PDCA, the PD Advisory Committee (collectively, the **"Approving Entities"**) and Reorganized Celotex when such reports are filed with the Bankruptcy Court.
>
> (ii) Simultaneously with delivery of each set of financial statements referred to in Article 3.2(c)(i) above, the trustees shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The trustees shall provide a copy of such report to the Approving Entities and Reorganized Celotex when such report is filed.

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Article 5.5 of the Trust Agreement provides:

5.5 Compensation and Expenses of Trustees.

(a) Each of the trustees shall receive compensation from the Trust for his or her services as Trustee in the amount of $60,000 per annum, except that the Chairperson shall receive $75,000 per annum for his or her services.[1] In addition, for all time expended attending Trustee meetings, preparing for such meetings, and working on authorized projects, the Trustees shall receive the sum of $550 per hour. The Trustees shall record all hourly time to be charged to the Trust on a daily basis. The per annum and hourly compensation payable to the Trustees shall be reviewed periodically and increased with the consent of the TAC and the Legal Representative.

(b) The Trust will promptly reimburse all trustees and the Chairperson for all reasonable out-of-pocket costs and expenses incurred by the trustees in connection with the performance of their duties hereunder.

(c) The Trust will include in the report to be filed pursuant to Article 3.2(c)(i) of this Trust Agreement, and in a separate annual report to be filed in the same manner, a description of the amounts paid under this Article 5.5.

Article 5.12 of the Trust Agreement provides:

5.12 Settlement of Trustees' Accounts. Notwithstanding any state law to the contrary, the Bankruptcy Court shall have exclusive jurisdiction over the settlement of the accounts of the trustees, whether such account is rendered by the trustees themselves or is sought by any other person. The trustees shall render successive accounts covering periods ending at the end of each calendar year consisting of the filings required by Article 3.2(c) of this Trust Agreement. In addition, an account shall be rendered for the period ending on the date of the death, resignation, removal or retirement of any Trustee. Upon the approval of any such periodic account by the Bankruptcy Court after hearing on notice to the Approving Entities and such other parties as the Bankruptcy Court may designate, and subject to the terms of the order of the Bankruptcy Court granting such approval, the trustees shall be discharged from any further liability or responsibility as to all matters disclosed in such periodic account, and an action

[1] As previously reported, in 2005, Article 5.5(a) of the Trust Agreement was amended to increase the trustees' per annum compensation from $50,000 to $60,000. During the 2008 reporting period, trustee compensation provisions of the Trust Agreement were again amended to increase the per annum compensation for the Chairperson to $75,000**.** In addition, the per diem fee payment was replaced with an hourly rate of $500 for all authorized work performed by the trustees on behalf of the Trust. With these increases, the annual retainer and hourly rate of compensation for the trustees became comparable to that paid to the trustees of other existing, large asbestos trusts, for example, Armstrong World Industries, Inc. Asbestos Personal Injury Settlement Trust, Babcock & Wilcox Company Asbestos PI Trust, DII Industries, LLC Silica PI Trust, Owens Corning/Fibreboard Asbestos Personal Injury Trust, Federal-Mogul Asbestos Personal Injury Trust, and United States Gypsum Asbestos Personal Injury Settlement Trust. On May 22, 2014, Section 5.5 of the Trust Agreement was amended to increase the hourly rate paid to the trustees to $550. Also, a provision was added that trustee compensation shall be reviewed periodically and increased with the consent of the PI Advisory Committee and the Legal Representative. Effective January 1, 2015, the hourly compensation paid to the trustees was increased to $600.

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against a trustee for breach of trust arising out of any matter disclosed in such periodic account shall be barred as provided in Fla. Stat. Ann. § 737.307.[2]

II. TRUST ADMINISTRATION

A. Trustees

Sharon M. Meadows served as sole trustee of the Trust during the Reporting Period. As previously reported, the term of Mr. James W. Stevens expired on May 30, 2016 and his position was not filled. Trustee Meadows's seven-year term expired on May 30, 2018. On May 31, 2018, the Trust Agreement, with the consent of the Trust Advisory Committee and Legal Representative, was amended to extend her term of service to May 30, 2022.

During the Reporting Period, Trustee Meadows held four formal meetings of the Trust. These meetings were designated by the trustee as "regular meetings" under the Trust's bylaws. Outside the regular meetings, the trustee conferred with Trust advisors throughout the Reporting Period. Counsel to the Trust Advisory Committee and the Legal Representative attended the May 22, 2018 meeting of the trustee.

The compensation paid to the Trustee Meadows during the Reporting Period is set forth in a supplemental schedule to the Trust's audited financial statements, which are attached as **Exhibit 1**. The filing of the financial statements with this supplemental schedule on compensation satisfies the requirements of Article 5.5(c) of the Trust Agreement.

In compliance with Article 5.5 of the Trust Agreement and the Trust's guidelines for payment of trustee fees and expenses, the Trust paid the trustee compensation and reimbursed her expenses on a quarterly basis. As part of an *in camera* filing made in connection with this report (the "***In Camera* Submission**"), the Trust has supplied the Court with the time and

[2] Effective July 1, 2008, the State of Florida repealed Chapter 737 of the Florida Statutes and added the Florida Trust Code in Chapter 736. Accordingly, the statute that currently bars proceedings against trustees based on a periodic account is Section 736.1008 of the Florida Statutes.

expense records of Trustee Meadows for the Reporting Period, along with a copy of the Trust's guidelines for payment of trustee fees and expenses.

B. Trust Officers

Dr. B. Thomas Florence of Ankura Consulting Group, formerly Analysis Research Planning Corporation or ARPC, continued to serve as Executive Director of the Trust during the Reporting Period.

C. Trust Auditors

The Trust's auditors are BDO USA, LLP of McLean, Virginia. BDO has significant experience auditing asbestos personal injury trusts and, as required, has conducted an audit of the Trust in conformity with special purpose accounting methods adopted by the trustees. They have expressed an opinion that the Trust's financial statements present fairly, in all material respects, the financial position of the Trust and the results of its operations and its cash flows as of December 31, 2018. The auditors' opinion expressly provides that it is intended for the use of this Court.

D. Trust's Wilmington Claims Processing Facility

As previously reported, the Trust had operated a stand-alone claims processing facility in Wilmington, Delaware for the processing and payment of the Trust's asbestos-related personal injury claims. The Trust's claims facility gained a reputation for fair, efficient, and cost-effective claims processing. As the Trust's backlog of claims was reduced, and as new filings diminished, the trustees were cognizant of the relative increase in claims processing costs in proportion to the number of claims processed. The trustees considered available options to reduce claims processing costs, such as closing or reducing the size of its stand-alone facility, contracting with a third party to process its claims, or joining with other asbestos-related personal injury trusts in some joint processing arrangement whereby overhead and other common costs could be shared. As previously reported, the trustees decided that the best

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alternative was to keep its experienced claims staff and physical facilities intact, while looking for opportunities to jointly process claims with other asbestos personal injury trusts and thereby share the costs of the claims facility.

In 2006, four new, large asbestos trusts were formed at the conclusion of the Chapter 11 proceedings for Babcock & Wilcox Company, Armstrong World Industries, Inc., Owens Corning Fibreboard Company, and United States Gypsum Company. As previously reported, the Trust and those four other asbestos trusts entered into an agreement whereby they would jointly process claims through their common ownership of the Celotex Trust's claims processing facility. The vehicle for this common ownership is the Delaware Claims Processing Facility, LLC, a Delaware limited liability company (the "**Delaware Claims Facility**"), formed to own and operate the Celotex Trust's former claims processing facility. The Delaware Claims Facility processes each member trust's claims in accordance with that trust's applicable governing documents. Based on its usage of the Delaware Claims Facility's resources, each trust pays a *pro rata* portion of the facility's costs. In effect, the Delaware Claims Facility operates on a not-for-profit, or cost-pass-through, basis. In 2013, the WRG Asbestos PI Trust joined the Delaware Claims Facility as a member trust, and effective May 18, 2016, the Pittsburgh Corning Corporation Asbestos Personal Injury Settlement Trust was admitted as a member trust.

E. Trust Advisors

Under the terms of the Trust Agreement, there are two trust advisors: the PI Advisory Committee, consisting of four personal injury lawyers, Russell Budd, Steven Kazan, Gary W. Kendall, and Joseph F. Rice and the Legal Representative, now James L. Patton. As previously reported, Gary Kendall provided written notice of his resignation to the PI Advisory Committee members effective January 1, 2017. The remaining members of the PI Advisory Committee

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decided not to choose a successor to Mr. Kendall pursuant to Section 7.2(a) of the Trust Agreement.

F. Professional Fees and Expenses

During the Reporting Period, the Trust paid $1,612,313 in professional fees and expenses. All professional fees and expenses are reviewed by the trustees and/or the Trust's staff for compliance with the Trust's professional fee and expense guidelines. A copy of the Trust's fee and expense guidelines is part of the *In Camera* Submission. The professional fees and expenses are set forth and itemized in a supplemental schedule to the Trust's 2018 financial statement, which is attached as **Exhibit 1**.

III. PAYMENT PERCENTAGE AND CRP

A. Payment Percentage

The Trust is a limited fund. None of the asbestos claimants who are beneficiaries of the Trust will have their claims paid in full. Instead, they will be paid some percentage (the "**Payment Percentage**") of the liquidated amount of their claims. The trustees are charged with the duty of periodically determining the Payment Percentage by considering, on the one hand, estimates of the number, types, and values of present and expected future claims and, on the other hand, the value and liquidity of the Trust's assets.

Pursuant to Article 3.4(a) of the Trust Agreement, after the first two years of operation, the trustees must periodically reconsider the determination of the Payment Percentage. The language of that provision is as follows:

> [A]fter the second anniversary of the Effective Date [of the Plan of Reorganization], but no less frequently than once every two (2) years, the trustees shall consider their determination of the Payment Percentage to assure that it is based on credible, current information and forecasts, and may, after such consideration, change the Payment Percentage.

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To better ensure the Trust's ability to pay present and future claimants in substantially the same manner, the trustees decided in 2001 that thereafter they would reconsider the Payment Percentage on an annual basis.

On September 3, 2015, the Trustees, with the consent of the PI Trust Advisory Committee and the Legal Representative, adopted an increase in the Payment Percentage from 6.5% to 7.7%. This adjustment was based on Ankura's recommendation following its analysis of claim filing trends, the estimated value of the Trust's assets, and the Trust's projected future income and expenses. Throughout the Reporting Period, Ankura continued to monitor trends that could affect the Payment Percentage, but no adjustment was recommended.

IV. SUMMARY OF CLAIMS DISPOSED

A. PI Claims Administration

1. Summary of Claims Processed.

As of December 31, 2018, the Trust had received approximately 900,218 personal injury claims. During the Reporting Period, the Trust paid 12,769 personal injury claims in the aggregate amount of $33,030,687. Since inception, the Trust has paid 495,825 personal injury claims in the aggregate amount of $1,250,106,737. A summary showing the number and amount of claims paid by the Trust during the Reporting Period is attached as **Exhibit 2**. This summary is filed in fulfillment of the requirement contained in Article 3.2(c)(ii) of the Trust Agreement.

V. TRUST'S ASSETS

All the Trust's assets available to pay claims are reflected in the Trust's 2018 financial statements, which have been audited by BDO USA, LLP and are attached at **Exhibit 1**. The financial statements were prepared in accordance with special purpose accounting rules adopted by the trustees. The preparation of the financial statements by an independent accounting firm and the filing of the statements with the Bankruptcy Court satisfies the requirements of Article 3.2(c)(i) of the Trust Agreement.

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A. Investment Portfolio

As of the end of the Reporting Period, the Trust's investment portfolio totaled $450,236,148. Excluding CX LLC assets, the Trust's investment portfolio totaled $439,946,289. As previously reported, the Trust retains the firm of Cambridge Associates, LLC ("**Cambridge**") as its investment/asset management advisory firm. The fixed income allocation is heavily weighted toward non-taxable securities because the Trust, like other qualified settlement funds, is subject to the highest income tax rate on all its investment income. With Cambridge's assistance, separate investment managers were selected and continue to manage segments of the Trust's investment portfolio. During the Reporting Period, Brown Brothers Harriman continued to serve as the custodian of all Trust funds. Brown Brothers Harriman and Goldman Sachs continued to serve as managers of separate municipal bond accounts. John W. Bristol (U.S. growth manager) and McDonald Capital (U.S. value manager) continued to serve as managers of the U.S. equity portfolio. Johnston International Equity Strategy (non-U.S. growth manager) and Sanderson Asset Management (non-U.S. value manager) continued to serve as managers of the non-U.S. equity portfolio.

The Trustee developed investment guidelines consistent with Article 4 of the Trust Agreement. These guidelines are frequently reviewed and periodically updated by the Trustee with Cambridge's assistance. The guidelines state that the holdings within the bond portfolio must have a minimum equivalent of investment grade rating by one nationally recognized statistical rating organization for any single security. The bond portfolio is diversified as to individual issuer and sector, and the credit quality remains very high in the portfolio relative to the stated benchmark. The current version of the Trust's investment guidelines is attached as **Exhibit 3**.

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During the Reporting Period, the Trustee received detailed monthly reports from Cambridge on the performance of the Trust's investment portfolio and regularly conferred, typically monthly, with representatives of Cambridge. As she does every year, Trustee Meadows also met in person with and formally reviewed the performance of each of the Trust's investment managers.

In 2018, the total Trust investment portfolio returned -1.1% net of investment managers' fees. (Municipal bond returns have not been adjusted to reflect pre-tax equivalent returns.) Excluding cash, the portfolio returned -1.2% net of investment managers' fees. The Trust's total investment return since 2001, when Cambridge was retained as investment advisors, is shown, along with 2018's investment performance, by asset class in the Cambridge composite report attached as **Exhibit 4**.

B. CX LLC

As previously reported, on August 5, 2013, the Celotex Corporation's Certificate of Dissolution was filed with the State of Delaware beginning a three-year wind-down period pursuant to Delaware law. During the wind-down, the company continued to manage and attempt to liquidate its assets, including its financial investments, its former research and development facility property, and other real estate. On August 1, 2016, Celotex adopted a Plan of Distribution (the "**Plan**") to effect the complete dissolution of the company in accordance with the applicable Delaware dissolution statutes, ending the three-year wind-down. Pursuant to the Plan, the Trust caused CX LLC to be formed as its wholly owned subsidiary that is a disregarded entity for tax purposes. The Trust transferred all of its stock held in Celotex to CX LLC immediately prior to the complete dissolution, and the liquidating distributions made to CX LLC under the Plan were made in exchange for all the outstanding shares of the stock of Celotex held by CX LLC immediately prior to the cancellation of those shares as a result of the dissolution.

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CX LLC now holds the equity interests of the subsidiaries formerly owned by Celotex and the Trust, through CX LLC, is working to wind-down the affairs of those subsidiaries.

As of 2003, Celotex's financial statements were no longer audited separately and, therefore, Celotex's financial results and now CX LLC's financial results are no longer included in the *In Camera* Submission accompanying this annual report. However, Celotex's, CX LLC's and the subsidiaries' financial data and internally prepared financial statements have been, and continue to be, audited in connection with the preparation of the audited financial statements of the Trust.

VI. TRUST'S CONTINGENT ASSETS

A. Insurance Litigation

Since the Trust's inception in 1997, the attorneys of Gilbert LLP have continually represented the Trust in insurance coverage-related matters. During the Reporting Period, the attorneys at Gilbert LLP have continued to pursue on behalf of the Trust insurance coverage for asbestos-related bodily injury and property damage claims in a number of proceedings, including the following:

Wellington ADR Proceedings. In 1985, Celotex and a number of its liability insurers entered into the Agreement Concerning Asbestos-Related Claims (commonly known as the "**Wellington Agreement**"), which, among other things, resolved disputes concerning the manner in which liability insurance policies issued by the signatory insurers would respond to asbestos-related bodily injury claims against the signatory "producers" – companies like Celotex that had mined, manufactured, sold, and/or installed asbestos and/or asbestos-containing products. The Trust has pursued six alternative dispute resolution ("**ADR**") proceedings under the Wellington Agreement in which the Trust sought determinations that liability policies containing exclusions for "asbestosis" or "asbestosis and related diseases arising out of asbestos products" do not

preclude coverage for diseases other than asbestosis, such as mesothelioma or lung cancer. The Trust has entered into agreements settling all of these ADR proceedings, all of which have been approved by the Bankruptcy Court.

Non-Products ADR Proceeding. On May 25, 2000, the Trust filed an ADR proceeding against Travelers Casualty and Surety Company ("**Travelers**") and the London Market Insurers, asserting that the insurers must pay immediately for their share of Celotex's non-products liability. The Trust previously reported on the success of its ADR Proceedings against Travelers. The Trust has settled the London Market Insurers proceeding (with Bankruptcy Court approval).

Miscellaneous Other Proceedings. The Trust pursued an ADR proceeding against International Insurance Company (**"International**") and U.S. Fire Insurance Company ("**U.S. Fire**"), asserting that the insurers must pay immediately for Celotex's non-products and products liability. The Trust now has settled the insurance policies at issue in this proceeding, along with other outstanding insurance policies issued by insurance companies affiliated with International and U.S. Fire (the "**ACE Companies**"). The Court approved this settlement agreement, and the ACE Companies have paid the settlement amount.

The Trust has partially settled a dispute regarding shared insurance coverage for asbestos property damage and bodily injury claims under policies issued by London Barrett Companies to the Dana Corporation. The Trust has settled over 80% of the available coverage with several of the companies that subscribed to the policies and has recovered payments from several insolvent London Companies through their Schemes of Arrangement. The Trust expects additional recoveries from Excess Insurance Company and also expects to receive additional payments from certain insolvent London Companies who subscribed to the policies as they increase their percentage payouts in their Schemes of Arrangement.

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Dated: May 7, 2019
Tampa, Florida

Respectfully submitted,

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Attorneys for Celotex Asbestos Settlement Trust

BY: /s/ Jeffrey W. Warren
Jeffrey W. Warren, Esq.
Florida Bar No. 150024

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on May 7, 2019, I electronically filed a true and correct copy of the Annual Report, Summary of Claims Disposed, Financial Statement, and Account of the Trustee of the Asbestos Settlement Trust for the Period January 1, 2018 to December 31, 2018, including exhibits, with the Clerk of the United States Bankruptcy Court for the Middle District of Florida by using the CM/ECF system, and I furnished a copy of the foregoing document(s) to the following parties in the manner of service indicated below:

Via United States Mail:

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Via CM/ECF System:

United States Trustee
Cynthia Burnette
Assistant U.S. Trustee
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Tampa, FL 33602

/s/ Jeffrey W. Warren
Jeffrey W. Warren

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EXHIBIT 1

Asbestos Settlement Trust

Audited Special-Purpose Financial Statements with Supplementary Information

Years Ended December 31, 2018 and 2017

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

Asbestos Settlement Trust

Audited Special-Purpose Financial Statements with Supplementary Information

Years Ended December 31, 2018 and 2017

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Asbestos Settlement Trust

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Independent Auditor's Report

Trustee
Asbestos Settlement Trust
Wilmington, Delaware

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the Asbestos Settlement Trust (the Trust) (a Trust created under the laws of the State of Florida), which comprise the special-purpose statements of assets, liabilities and net assets available for the payment of claims as of December 31, 2018 and 2017, and the related special-purpose statements of changes in net assets available for the payment of claims and special-purpose statements of cash flows for the years then ended and the related notes to the special-purpose financial statements.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with the basis of accounting described in Note 2 to the special-purpose financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these special-purpose financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets and liabilities of the Asbestos Settlement Trust as of December 31, 2018 and 2017, and the additions, deductions, and cash flows for the years then ended in accordance with the basis of accounting described in Note 2 to the special-purpose financial statements.

Basis of Accounting

We draw attention to Note 2 of the special-purpose financial statements, which describes the basis of accounting. As described in Note 2 to the special-purpose financial statements, these special-purpose financial statements were prepared on a special-purpose basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter. The special-purpose basis of accounting has been used in order to communicate the amount of net assets presently available to fund current and future claimants.

Restriction of Use

Our report is intended solely for the information and use the Trust, and is not intended to be and should not be used by anyone other than the specified party. This restriction is not intended to limit the distribution of this report, which, upon filing with the United States Bankruptcy Court for the Middle District of Florida, Tampa Division, is a matter of public record.

BDO USA, LLP

McLean, Virginia
April 15, 2019

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Special-Purpose Financial Statements

Asbestos Settlement Trust

Special-Purpose Statements of Assets, Liabilities and Net Assets Available for the Payment of Claims

December 31,	2018	2017
Assets		
Cash and cash equivalents	$ 15,436,465	$ 27,182,239
Investments, at fair value		
Short-term bonds	12,035,713	3,853,902
Equity investments	140,863,234	173,044,161
Investments in bonds	279,131,025	285,081,205
Investment in CX LLC	4,542,184	6,209,251
Interest and other receivables	2,837,753	2,616,608
Total assets	454,846,374	497,987,366
Liabilities		
Accrued personal injury claims, accrued expenses, and accounts payable	1,036,302	1,648,701
Total liabilities	1,036,302	1,648,701
Net assets available for the payment of claims	$ 453,810,072	$ 496,338,665

See accompanying notes to the special-purpose financial statements.

Asbestos Settlement Trust

Special-Purpose Statements of Changes in Net Assets Available for the Payment of Claims

Years Ended December 31,	2018	2017
Additions		
Interest and dividend income, net of amortization	$ 12,033,272	$ 12,314,493
Net realized gains and change in unrealized gains on investments	-	38,819,573
Other additions	22,267	52,153
Total additions	12,055,539	51,186,219
Deductions		
Personal injury claim payments and expenses	32,604,599	35,462,774
Net realized loss and change in unrealized gains on investments	15,754,262	-
Change in carrying value of investment in CX LLC	740,887	2,220,186
Operating expenses	5,484,384	3,927,425
Total deductions	54,584,132	41,610,385
(Decrease) increase in net assets available for the payment of claims	(42,528,593)	9,575,834
Net assets available for the payment of claims		
Beginning of the year	496,338,665	486,762,831
End of the year	$ 453,810,072	$ 496,338,665

See accompanying notes to the special-purpose financial statements.

Asbestos Settlement Trust

Special-Purpose Statements of Cash Flows

Years Ended December 31,	2018	2017
Cash flows from operating activities:		
(Decrease) increase in net assets available for the payment of claims	$ (42,528,593)	$ 9,575,834
Adjustments to reconcile (decrease) increase in net assets available for the payment of claims to net cash used in operating activities:		
Amortization of premium on investments, net	2,246,909	1,481,740
Net realized (loss) gain and change in unrealized gain on investments	15,754,262	(38,819,573)
Change in carrying value of investment in CX LLC	740,887	2,220,186
Changes in operating assets and liabilities:		
Interest and other receivables	(221,143)	174,329
Accrued personal injury claims, accrued expenses and accounts payable	(612,399)	148,512
Total adjustments	17,908,516	(34,794,806)
Net cash used in operating activities	(24,620,077)	(25,218,972)
Cash flows from investing activities:		
Distribution from CX LLC	926,180	5,046,871
Sales and maturities of bonds	112,409,912	107,552,210
Purchases of bonds	(119,515,247)	(118,197,357)
Sales of equity securities	35,022,874	99,299,492
Purchases of equity securities	(15,969,416)	(88,464,631)
Net cash provided by investing activities	12,874,303	5,236,585
Net decrease in cash and cash equivalents	(11,745,774)	(19,982,387)
Cash and cash equivalents at the beginning of the year	27,182,239	47,164,626
Cash and cash equivalents at the end of the year	$ 15,436,465	$ 27,182,239

See accompanying notes to the special-purpose financial statements.

1. Description of the Trust

On October 12, 1990, The Celotex Corporation (Celotex Corp.) and its then wholly-owned subsidiary, Carey Canada Inc. (Carey Canada) (collectively, the Pre-Reorganized Companies), voluntarily filed petitions for reorganizing under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the Middle District of Florida, Tampa Division (the Bankruptcy Court). The filing of the petitions was precipitated by the Pre-Reorganized Companies' then potentially substantial present and future asbestos-related liabilities. On December 6, 1996, the Bankruptcy Court entered an order (the Confirmation Order) confirming the modified joint plan of reorganization (the Confirmed Plan) proposed and filed by the Pre-Reorganized Companies, the Asbestos Health Claimants Committee, the Legal Representative representing the interests of future asbestos bodily injury claimants, and the Trade Creditors Committee, and supported by the Asbestos Property Damage Claimants Committee. On March 4, 1997, the United States District Court for the Middle District of Florida adopted, issued and affirmed the Confirmation Order. The Confirmation Order has become final and cannot be appealed. The Confirmed Plan became effective on May 30, 1997 (the Effective Date or the Effective Date of the Plan of Reorganization).

The essential elements of the Confirmed Plan include, among other things: the utilization of a qualified settlement fund, in the form of the Asbestos Settlement Trust (the Trust), to assume all liabilities and obligations of the Pre-Reorganized Companies, in respect of all asbestos-related personal injury and property damage claims, both present and future (collectively, the Asbestos Claims), and to resolve, and provide for the payment in part or in full, of all Asbestos Claims in accordance with procedures established pursuant to the Confirmed Plan.

When formed, the Trust was funded with (a) cash received from Carey Canada, a wholly-owned subsidiary of Celotex Corp., (b) asbestos insurance recoveries as described in the "Significant Accounting Policies", (c) cash and investments from the Settlement Account, a segregated, custodial account at Bank of America Illinois, funded by Celotex Corp. and designated by order of the Bankruptcy Court dated March 30, 1995 as the Celotex Fund Recipient (as defined in the Veil Piercing Settlement Agreement), (d) 100% of the outstanding shares of reorganized Carey Canada common stock, (e) 100% of the outstanding shares of reorganized Celotex Corp. common stock, (f) promissory notes receivable from Celotex Corp., and (g) the Russellville Industrial Revenue Bond, contributed by JWC Holdings Corporation (JWC), the former parent of Celotex Corp., in consideration for the releases and injunctions described in the Confirmed Plan.

On August 1, 2016 Celotex Corp. signed a Plan of Distribution, the purpose of which was to effect the complete dissolution of Celotex Corporation in accordance with the applicable Delaware dissolution statutes.

Simultaneously, pursuant to the Plan of Distribution, the Trust caused CX LLC to be formed. CX LLC is a wholly owned subsidiary of the Trust and a disregarded entity for tax puurposes. The Trust transferred all of its stock held in Celotex Corp. to CX LLC. The liquidating distributions made to CX LLC under the Plan of Distribution were made in exchange for all of the outstanding shares of the stock of Celotex Corp. held by CX LLC.

CX LLC now holds the equity interests of the subsidiaries formerly held by Celotex Corp.

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The Trustee is responsible for supervising and administering the Asbestos Claims resolution process. The Trust will use its funding for Trust operations and for settlement of Asbestos Claims as defined in the Confirmed Plan.

2. Significant Accounting Policies

Basis of presentation

The Trust's financial statements are prepared using special-purpose accounting methods adopted by the Trustee which differ from accounting principles generally accepted in the United States of America (GAAP). The special-purpose accounting methods were adopted in order to communicate to the beneficiaries of the Trust the net assets available for the payment of claims and the related operating expenses of the Trust. Since the accompanying special-purpose financial statements and transactions are not based upon GAAP, accounting treatment by other parties for these same transactions may differ as to timing and amount. The special-purpose accounting methods include the following:

- Assets are generally recorded as they are received by the Trust and are available for the payment of asbestos claims.

- Future fixed liabilities under contractual obligations and other agreements entered into by the Trust are recorded as deductions in the same period that such contractual obligations or agreements are signed. Under GAAP, liabilities and contractual obligations are recorded over the period that is benefited by the contract or agreement.

- The full amount of claims is expensed in the period in which the confirmed claims are settled.

  Under GAAP, a liability would be recorded for an estimate of the amount to be paid for claims that have been incurred but not yet reported, and for those claims that have been submitted but not yet approved for payment by the Trust.

- Payments for services to be received over an extended period in the future are expensed as paid because these amounts are no longer available for the payment of claims. Under GAAP, an asset would be recorded and amortized over the period in which the related benefits are received.

- Payments for property and equipment are expensed as incurred. Under GAAP, payments for fixed assets are capitalized and depreciated over the useful lives of the assets. During 2018 and 2017, there were no expenses related to purchases of property and equipment.

- The Trust's investment in CX LLC (formerly its investment in Celotex Corp.) is reported at the net book value of CX LLC, which is calculated as the fair value of cash and cash equivalents, marketable securities, and the cost of real estate (including capitalized development costs) less the fair value of liabilities. Any changes in the value of the Trust's investment in CX LLC is recorded as a gain or loss in the accompanying special-purpose statements of changes in net assets available for the payment of claims. Cash contributions to CX LLC are recorded as an increase in the investment in CX LLC. Distributions to the Trust from CX LLC reduce the carrying value of the investment. Under

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GAAP, consolidated financial statements and related notes to the consolidated financial statements of the Trust and its wholly owned subsidiary would be presented.

- Income tax expense is estimated and recorded as incurred in the period in which certain income and expense items affect current federal income taxes payable. Under GAAP, the provision for income taxes is recorded based upon income reported for financial statement purposes, and federal and state income taxes both currently payable and changes in deferred taxes due to differences between financial reporting and tax bases of assets and liabilities. Under GAAP, deferred taxes include a provision for taxes attributable to changes in unrealized gains and losses on investments.

- The Trust does not record any asbestos insurance recoveries until the funds are received from the insurance carriers. These recoveries come from various insurance coverages obtained by Celotex Corp. covering, among other things, products and general liability claims. Future recoveries under such policies will inure to the Trust. Under GAAP, an asset would be recorded for an estimate of the amount to be received for insurance recoveries that are due to the Trust.

- The Trust records amortization of premium and accretion of discount on its investment securities under the straight-line method. Under GAAP, such amortization and accretion would be calculated under the effective interest (i.e., constant yield) method.

- Under GAAP, for financial statement disclosure purposes all investments would be categorized based on the priority of inputs used to measure fair value. Under GAAP, inputs used in measuring fair value are categorized into three levels. Level 1 includes inputs that are based upon quoted prices for identical instruments traded in active markets. Level 2 includes inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment. Level 3 includes inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques. The accompanying special-purpose financial statements do not categorize all investments into these levels.

- Under GAAP, disclosure is made about contractual maturities of investments in debt securities as of the date of the latest balance sheet presented. Such disclosures are not included in these special-purpose financial statements.

Use of estimates

The preparation of financial statements in conformity with the special-purpose accounting methods described above requires the Trust to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosures of contingent assets and liabilities at the date of the special-purpose financial statements, as well as the reported amounts of additions and deductions to the net assets available for the payment of claims during the reporting period. Actual results could differ from those estimates and such differences could have a material effect on the net assets available for the payment of claims.

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Cash and cash equivalents

The Trust considers all highly liquid instruments with original maturities of one month or less to be cash equivalents. The Trust maintains cash balances that may at times exceed federally insured limits. Cash balances are maintained at high-quality financial institutions and the Trust believes the credit risk related to these cash balances is minimal. The Trust has not experienced any losses related to these balances.

Short-term investments

Short-term investments include commercial paper and other liquid investments with original maturities of less than one year.

Investments

Investment securities (including all bonds and equity investments) are stated at fair value based on quoted market prices for identical or similar instruments traded in active markets as of the date of the special-purpose financial statements with the changes in unrealized gains and losses recorded in the current period. The fair value of the investment in CX, LLC is based on the value of its assets and liabilities as of the date of the special-purpose financial statements. Investment income is recognized when earned. Realized gains and losses on sales are determined using the specific identification method.

Accrued personal injury claims, accrued expenses and accounts payable

Accrued personal injury claims consist of certain personal injury claims that are settled but unpaid as of December 31, 2018 and 2017. Accrued expenses and accounts payable consist of legal accruals, as well as outstanding invoices associated with managing the Trust.

Operating and administrative expenses

Operating and administrative expenses of the Trust are paid from net assets available for the payment of claims when invoices are received.

Income taxes

The Trust is classified as a Qualified Settlement Fund pursuant to the Internal Revenue Code and Regulations (the Code) thereunder. As a result, the Trust is subject to federal income taxes based on modified gross income, as defined by the Code. In the opinion of management, the Trust is not subject to state income taxes and therefore, the special-purpose financial statements do not include any provision or liability for state income taxes. The Trust is generally no longer subject to income tax examinations by the Internal Revenue Service for the years ended December 31, 2014 and prior.

Income tax expense is estimated and includes amounts payable or receivable under current federal income taxes.

The Trust records income tax expense (or benefit) associated with amounts payable (or receivable) under current federal income taxes, and does not record a provision for (or benefit from) deferred taxes. Accordingly, there is no provision for deferred taxes associated with

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changes in cumulative unrealized gains and losses on investments (see Note 4). The income taxes associated with gains on investments will be recorded in the Trust's special-purpose financial statements when the net gains are realized (i.e. the securities are sold) and the taxes become currently payable.

3. Related Parties

On November 1, 2006, the Trust became a member in a limited liability company under an agreement with four other Qualified Settlement Funds, contributing property and equipment valued at $132,193 as a capital contribution to this entity.

Effective January 1, 2007, this entity began processing all of the Trust's bodily injury claims.

During the years ended December 31, 2018 and 2017, the Trust incurred expenses of $1,714,517 and $1,252,990, respectively, for reimbursement of expenses paid by the entity on behalf of the Trust.

As of December 31, 2018, $93,005, is due to the Trust from this entity, and is included in interest and other receivables on the accompanying special-purpose statements of assets, liabilities and net assets available for payment of claims. As of December 31, 2017, $46,641, is due from the Trust to this entity, and is included in accrued personal injury claims, accrued expenses, and accounts payable on the accompanying special-purpose statements of assets, liabilities and net assets available for payment of claims.

4. Investments

Investment securities consist of the following at December 31, 2018:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
Short-term bonds	$ 11,992,366	$ 58,906	$ (15,559)	$ 12,035,713
Equity	134,094,295	12,626,481	(5,857,542)	140,863,234
Bonds	276,283,030	3,911,057	(1,063,062)	279,131,025
	$ 422,369,691	$ 16,596,444	$ (6,936,163)	$ 432,029,972

Investment securities consist of the following at December 31, 2017:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
Short-term bonds	$ 3,836,029	$ 17,873	$ -	$ 3,853,902
Equity	147,852,744	27,382,623	(2,191,206)	173,044,161
Bonds	279,878,508	6,340,049	(1,137,352)	285,081,205
	$ 431,567,281	$ 33,740,545	$ (3,328,558)	$ 461,979,268

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The Trust invests in a professionally managed portfolio that contains U.S. and international equity securities, international equity funds, and municipal bonds. Such investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Trust's account balance and the amounts reported in the special-purpose statements of assets, liabilities and net assets available for the payment of claims and special-purpose statements of changes in net assets available for the payment of claims.

Investment in CX LLC

On July 31, 2016, the Trust liquidated its investment in Celotex Corp. and transferred its interest to CX LLC. As of August 1, 2016, the CX LLC member unit investment represents a 100% ownership interest in CX LLC. The value of the Trust's investment in CX LLC (formerly Celotex Corp.) as of December 31, 2018 and 2017 consisted of cash and cash equivalents, marketable securities, and real estate. Marketable securities that CX LLC invests in include U.S. treasury obligations, bank obligations, tax exempt obligations, corporate obligations, and repurchase agreements. The value of real estate is based on the cost basis of the land plus development costs. Real estate is reviewed for impairment whenever events or changes in circumstances indicate the carry in amount may not be recoverable.

The following summarizes the financial information used to compute the value of the Trust's investment in CX LLC as of December 31:

	2018	2017
Cash and marketable securities	$ 3,965,280	$ 4,040,593
Land and improvements	-	600,000
Other assets	63,861	392,135
Interest in IBIS Walk Holdings, LLLP	861,846	1,176,523
Less: Current liabilities	(348,803)	-
Net estimated value of investment	$ 4,542,184	$ 6,209,251

During the years ended December 31, 2018 and 2017, the Trust received a distribution from CX, LLC in the amount of $926,180 and $5,046,871, respectively. These distributions reduced the carrying value of the investment in CX LLC.

The change in carrying value represents a reduction in the total assets held in CX, LLC due to the cash distributions made to the Trust and the change in the value of the underlying assets and liabilities of CX, LLC.

5. Income Taxes

During the years ended December 31, 2018 and 2017, the Trust paid no income taxes and recorded no income tax expense.

On December 22, 2017, Congress passed the Tax Cuts and Jobs Act (the 2017 Tax Act) which reduced the income tax rate from 39.6% to 37% and modified the rules regarding the usability of certain net operating losses for the Trust beginning on January 1, 2018. Under the 2017 Tax Act,

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the Trust's net operating losses of $33,000,000 generated prior to January 1, 2018, are available to offset future taxable income and will expire, if not utilized, on various dates through 2037. During 2018, the Trust did not generate any net operating loss carryforwards. Any net operating loss carryforwards generated after January 1, 2018, do not expire but can only be used to offset up to 80% of taxable income in future years as part of the 2017 Tax Act. In addition, there are no net operating loss carryback provisions under the 2017 Tax Act.

As of December 31, 2018, the Trust has approximately $23,000,000 of net capital loss carryforwards available to offset future capital gains. These net capital loss carryforwards will expire, if not utilized, on various dates through 2023. Capital loss carryforwards created after January 1, 2018, may be carried back for three years and carried forward for five years. Capital loss carrybacks and carryforwards cannot create a net operating loss.

Additionally, as of December 31, 2018, the estimated deferred tax liability associated with unrealized gains on investments is approximately $3,600,000. As of December 31, 2017, the estimated deferred tax liability associated with unrealized gains on investments is approximately $11,300,000.

As disclosed in Note 2 to the special-purpose financial statements, the Trust does not record a provision for (or benefit from) deferred taxes. Accordingly, there is no provision for deferred taxes associated with net operating loss carry forwards, net capital loss carryforwards, or cumulative unrealized gains and losses on investments.

6. Contingent Assets and Insurance Recoveries

The Trust did not receive any insurance recoveries from insurers during the years ended December 31, 2018 and 2017. In accordance with the Trust's accounting policies, insurance recoveries are recorded as an addition to net assets available for the payment of claims when the funds are received from the insurance companies.

7. Contingent Liabilities

The Trust has entered certain reimbursement and indemnification agreements in the Plan Documents (as defined in the Confirmed Plan), including, but not limited to, the Agreement Regarding Disputed Claims, the Affiliate Asset Purchase Agreements, and the Tax Cooperation and Indemnification Agreements. These agreements could result in future claims against the Trust.

The probability of such claims cannot be reasonably determined. Accordingly, no associated liability has been recorded in the accompanying special-purpose financial statements. Such claims, if any, are not expected to be material.

Substantial third party claims have been asserted against Celotex Corp. for which the Trust may be contingently liable. It is presently not possible to determine the extent, if any, of the Celotex Corp's liability which might arise as a result thereof.

8. Liability for Asbestos Claims

The ultimate number of Asbestos Claims to be filed and the liability for all such claims is not determinable at this time. Net assets available for the payment of claims at December 31, 2018 and 2017 represents funding available for all Asbestos Claims for which no fixed liability has yet

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been established. Net assets available for the payment of claims at December 31, 2018 and 2017 may or may not be sufficient to meet all future obligations of the Trust.

9. Trustee's Liability Insurance

The Trust purchased the Trustee's liability insurance for premiums of $185,805 in 2018 and 2017. The current policy term is May 30, 2018 to May 30, 2019. The Trust's accounting policy is to expense in the current period any amounts which will not be available to pay future Asbestos Claims or expenses of the Trust. Accordingly, amounts of $185,805 were recorded as deductions in net assets available for payments of claims in 2018 and 2017.

10. Trustees and Trust Advisors

The individual serving as the Trustee of the Trust is not a member of the Board of Directors of Celotex Corp. The Trustee is required to provide notice, to consult, or obtain the consent of the Trustees' Advisory Committee (the TAC), the Legal Representative, the Property Damage Advisory Committee (the PDAC) or the Property Damage Claims Administrator (the PDCA) in various matters as detailed in the First Amended and Restated Asbestos Settlement Trust Agreement, the Asbestos Settlement Trust First Amended and Restated Bylaws, the Second Amended and Restated Asbestos Personal Injury Claims Resolution Procedures, the Third Amended and Restated Asbestos Property Damage Claims Resolution Procedures, the Fourth Amended and Restated Asbestos Personal Injury Claims Resolutions Procedures, and the Fifth Amended and Restated Asbestos Personal Injury Claims Resolutions Procedures.

Fees and expenses of the Trustee(s) and trust advisors for 2018 and 2017 were as follows:

	2018		
	Fees	Expenses	Total
Trustee	$ 157,560	$ 3,905	$ 161,465
Trustee's Advisory Committee	12,142	122	12,264
Legal representative	20,661	1,484	22,145
	$ 190,363	$ 5,511	$ 195,874

	2017		
	Fees	Expenses	Total
Trustee	$ 141,700	$ 2,403	$ 144,103
Trustee's Advisory Committee	15,752	693	16,445
Legal representative	10,834	651	11,485
	$ 168,286	$ 3,747	$ 172,033

The above amounts are included in operating expenses in the special-purpose statements of changes in net assets available for the payment of claims for the years ended December 31, 2018 and 2017.

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11. Subsequent Events

The Trust has evaluated its December 31, 2018 special-purpose financial statements for subsequent events through April 15, 2019, the date the special-purpose financial statements were available to be issued. The Trust is not aware of any subsequent events which would require recognition or disclosure in the special-purpose financial statements.

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Asbestos Settlement Trust

Supplementary Information
Years Ended December 31, 2018 and 2017

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www.bdo.com

8401 Greensboro Drive
Suite 800
McLean, VA 22102

Independent Auditor's Report on Supplementary Information

Trustee
Asbestos Settlement Trust
Wilmington, Delaware

Our audits of the special-purpose financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those special-purpose financial statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of those special-purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose financial statements as a whole.

BDO USA, LLP

April 15, 2019

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Asbestos Settlement Trust

Supplementary Schedule of Operating Expenses

Year Ended December 31, 2018

Professional fees (see Supplementary Schedule of Professional Fees)			$ 1,612,313
General and administrative			
Investment advisory and custodial fees - Brown Brothers	$	257,053	
Investment advisory fees - Cambridge & Associates		196,264	
Investment advisory fees - Goldman Sachs		203,210	
Investment advisory fees - Johnson Equity		171,088	
Investment advisory fees - John W. Bristol		166,133	
Investment advisory fees - McDonald Capital		317,751	
Investment advisory fees - Sanderson		358,436	
Other administrative expenses		26,529	1,696,464
Trustee fees and expenses			161,465
TAC attorney fees			
Caplin & Drysdale/attorney fees		12,142	
Caplin & Drysdale/expenses		122	12,264
Legal representative fees and expenses			
Young, Conaway, Stargatt & Taylor/fees		20,661	
Young, Conaway, Stargatt & Taylor/expenses		1,484	22,145
Trustee liability insurance			185,805
Facility usage expenses			1,793,928
Total operating expenses			$ 5,484,384

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Asbestos Settlement Trust

Supplementary Schedule of Operating Expenses

Year Ended December 31, 2017

Professional fees (see Supplementary Schedule of Professional Fees)		$ 1,507,165
General and administrative		
Investment advisory and custodial fees - Brown Brothers	$ 34,997	
Investment advisory fees - Cambridge & Associates	132,042	
Investment advisory fees - Goldman Sachs	201,440	
Investment advisory fees - Johnson Equity	142,954	
Investment advisory fees - John W. Bristol	175,083	
Investment advisory fees - McDonald Capital	353,418	
Investment advisory fees - Sanderson	406,144	
Other administrative expenses	28,259	1,474,337
Trustee fees and expenses		144,103
TAC attorney fees		
Caplin & Drysdale/attorney fees	15,752	
Caplin & Drysdale/expenses	693	16,445
Legal representative fees and expenses		
Young, Conaway, Stargatt & Taylor/fees	10,834	
Young, Conaway, Stargatt & Taylor/expenses	651	11,485
Carey-Canada fees and expenses		
U.S. trustee fees	975	975
Trustee liability insurance		185,805
United States trustee fee		2,604
Federal income tax		(750,000)
Facility usage expenses		1,334,506
Total operating expenses		$ 3,927,425

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Asbestos Settlement Trust

Supplementary Schedule of Professional Fees

Year Ended December 31, 2018

Accounting		
Accounting/audit	$	52,700
Accounting/taxes		21,085
Accounting/other		55,368
Subtotal accounting		129,153
Legal fees		
General		
Bush Ross, P.A		21,305
Keating, Muething & Klekamp		575,971
Other		18,072
Subtotal legal fees		615,348
Other professional fees (general)		
Ankura Consulting		887,318
Other professional fees		(19,506)
Subtotal other professional fees (general)		867,812
Total professional fees	$	1,612,313

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Asbestos Settlement Trust

Supplementary Schedule of Professional Fees

Year Ended December 31, 2017

Accounting		
Accounting/audit	$	94,760
Accounting/taxes		39,905
Accounting/other		50,218
Subtotal accounting		184,883
Legal fees		
Insurance issues		
Gilbert		2,765
Keating, Muething & Klekamp		11,926
Subtotal insurance issues		14,691
General		
Bush Ross, P.A		30,454
Keating, Muething & Klekamp		546,699
Other		34,287
Subtotal general		611,440
Other professional fees (general)		
Ankura Consulting		702,780
Other professional fees		(6,629)
Subtotal other professional fees (general)		696,151
Total professional fees	$	1,507,165

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Asbestos Settlement Trust

Supplementary Schedules of Trustee Fees and Expenses

	2018 Trustee Fees and Expenses			
	Per Annum	Hourly Fees	Out-of Pocket Expenses	Total Payments
Sharon Meadows	$ 75,000	$ 82,560	$ 3,905	$ 161,465

	2017 Trustee Fees and Expenses			
	Per Annum	Hourly Fees	Out-of Pocket Expenses	Total Payments
Sharon Meadows	$ 75,000	$ 66,700	$ 2,403	$ 144,103

Trustees fees and expenses accrued and unpaid at December 31, 2018 and 2017 are included in accrued expenses and accounts payable in the special-purpose statements of assets, liabilities and net assets available for the payment of claims.

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EXHIBIT 2

Celotex Asbestos Settlement Trust
Summary of Claims Disposed - 2018
Personal Injury and Property Damage

	DCP Paid Claims 2018		IRC Second Payments Paid in 2018		IRC Full Payments Paid in 2018		Additional Payments for Increase in Payment Tables (Note 1)	Total PI Claims Paid 2018	
	Amount	# of Claims	Amount	# of Claims	Amount	# of Claims	Amount	Amount	# of Claims
Month									
Jan-18	$446,320	$399			$1,763,795	$399		$ 2,210,115	798
Feb-18	$500,584	$353			$2,363,809	$742		$ 2,864,393	1,095
Mar-18	$657,370	$535			$1,635,068	$437		$ 2,292,438	972
Apr-18	$315,830	$268			$2,101,812	$767		$ 2,417,642	1,035
May-18	$984,756	$626			$4,075,041	$1,501		$ 5,059,797	2,127
Jun-18	$646,521	$592			$1,653,893	$350		$ 2,300,414	942
Jul-18	$513,564	$368			$1,607,307	$400		$ 2,120,871	768
Aug-18	$837,596	$539			$2,770,161	$741		$ 3,607,757	1,280
Sep-18	$422,094	$304			$1,743,972	$453		$ 2,166,066	757
Oct-18	$361,287	$191			$3,812,850	$1,343		$ 4,174,137	1,534
Nov-18	$284,670	$215			$1,310,278	$389		$ 1,594,948	604
Dec-18	$153,400	$145			$2,068,710	$712		$ 2,222,110	857
Totals	$ 6,123,991	4,535	$ -	-	$ 26,906,696	8,234	$ -	$ 33,030,687	12,769

	PD First Payments Paid in 2018		PD Second Payments Paid in 2018		PD Settlements Paid in 2018		Total PD Claims Paid in 2018		Totals PI and PD Claims Paid in 2018	
	Amount	# of Claims	Amount	# of Claims	Amount	# of Claims	Amount	# of Claims	Amount	# of Claims
Month										
Jan-18	$ -	-	$ -	-	$ -	-	$ -	-	$ 2,210,115	798
Feb-18	$ -	-	$ -	-	$ -	-	$ -	-	$ 2,864,393	1,095
Mar-18	$ -	-	$ -	-	$ -	-	$ -	-	$ 2,292,438	972
Apr-18	$ -	-	$ -	-	$ -	-	$ -	-	$ 2,417,642	1,035
May-18	$ -	-	$ -	-	$ -	-	$ -	-	$ 5,059,797	2,127
Jun-18	$ -	-	$ -	-	$ -	-	$ -	-	$ 2,300,414	942
Jul-18	$ -	-	$ -	-	$ -	-	$ -	-	$ 2,120,871	768
Aug-18	$ -	-	$ -	-	$ -	-	$ -	-	$ 3,607,757	1,280
Sep-18	$ -	-	$ -	-	$ -	-	$ -	-	$ 2,166,066	757
Oct-18	$ -	-	$ -	-	$ -	-	$ -	-	$ 4,174,137	1,534
Nov-18	$ -	-	$ -	-	$ -	-	$ -	-	$ 1,594,948	604
Dec-18	$ -	-	$ -	-	$ -	-	$ -	-	$ 2,222,110	857
Totals	$ -	-	$ -	-	$ -	-	$ -	-	$ 33,030,687	12,769

EXHIBIT 3

ASBESTOS SETTLEMENT TRUST

INVESTMENT GUIDELINES FOR THE ASBESTOS SETTLEMENT TRUST

December 2012 (Revised)

1. The asset allocation for the Trust portfolio is as follows:

Asset Class	% of Portfolio
Bonds	65.0%
U.S. Equity	20.0%
Non-U.S. Equity	15.0%
Total Portfolio	100.0%

   a. The bond portfolio exists to provide short-term and intermediate-duration bonds given the length of the expected liability stream of the Trust. Given the current tax rate of the Trust, the portfolio will largely be invested in municipal bonds, but managers have the ability on an opportunistic basis to attain higher yield through taxable securities.

   b. The equity allocation exists to attain long-term capital appreciation, given the projected existence of the Trust. Historically, equities have outperformed bonds in attained long-term capital appreciation.

      i. The equity portfolio is structured to have exposure to both a growth and value style of investing to provide the necessary diversification in this portfolio.

      ii. In addition, the equity portfolio is broadly diversified across economic sectors and securities to provide additional diversification and reduce portfolio risk.

      iii. The equity portfolio is prohibited from holding any securities whose primary revenue derives from tobacco or tobacco-related products.

2. The portfolio will be monitored monthly by Cambridge Associates, and Cambridge Associates will communicate to the Trustees on their monthly call as to whether or not the portfolio requires asset allocation adjustments toward the target allocation as outlined above. Asset allocation adjustments are contingent on cash flow needs and market values and conditions.

3. Individual investment managers are subject to their individual manager guidelines, with respect to investment objective, benchmark, allowable securities, credit quality requirements (if applicable), and concentration limits.

4. Investments for the Account shall be subject to the following restrictions as stated in the Trust Agreement:

   a. The Adviser shall not acquire for the Account equity in any entity or other business enterprise if, immediately following such acquisition, the Account would hold more than 5% of the equity in such entity or business enterprise. The Account shall not hold, directly or indirectly, more than 10% of the equity in any entity or business enterprise.

b. The Account shall not acquire or hold any long-term debt securities unless such securities are rated "Baa category" or higher by Moody's, "BBB category" or higher by S&P or have been given an equivalent investment grade rating by another nationally recognized statistical rating service, or have been issued or fully guaranteed as to principal and interest by the United States or any agency thereof.

c. The Account shall not acquire or hold for longer than 90 days any commercial paper unless such paper is rated "Prime-1" or higher by Moody's or "A-1" or higher by S&P or has been given an equivalent rating by another nationally recognized statistical rating agency.

d. The Account shall not acquire or hold any preferred stock unless such preferred stock is rated "AA category" or higher by Moody's or "A category" or higher by S&P or has been given an equivalent rating by another nationally recognized statistical rating agency.

e. The Account shall not acquire or hold any certificates of deposit unless all publicly held, long-term debt securities, if any, of the financial institution issuing the certificate of deposit and the holding company, if any, of which such financial institution is a subsidiary, meet the standards set forth in Item 2 above.

f. The Account shall not acquire or hold any repurchase obligations unless, in the opinion of the Adviser, they are adequately collateralized.

g. The Account shall not acquire or hold any options.

h. The Account shall not acquire or hold emerging market debt.

i. The following is not permitted: leverage (excludes futures transactions as defined above), reverse repurchase agreements; short-selling (except with respect to shorts against the box, and futures).

j. Trading with affiliated broker/dealers is not permitted.

k. Client has the right to advise Adviser at any time of any further restrictions applicable to the investments of and for the Account, and Adviser will thereafter abide by such restrictions in the management of the Account upon written notification by the Client to the Adviser.

5. The Manager will report the following information each month to the Trustees and to Cambridge Associates, Inc.: total return net of all commissions and fees; additions to, and withdrawls from, the Portfolio; current holdings at cost and market; and purchases and sales for the quarter. On an annual basis, the Manager will provide the Trustees with an audited and certified financial statement of the Manager's firm.

6. The Manager is required to inform the Trustees of any material change in fundamental investment philosophy or investment process, ownership, organizational structure, professional personnel, or Portfolio structure.

EXHIBIT 4

Celotex Asbestos Settlement Trust
Asset Allocation & Asset Class Returns (Net)
As of December 31, 2018

Asset Class	Assets $	% of Managed Assets	% of Total Assets	Total Return 12/31/17-12/31/18	Total Return Annualized Since Inception
U.S. Equity	85,819,463	19.5%	19.1%	0.5 %	7.3 %
Non-U.S. Equity	60,715,608	13.8%	13.5%	-16.8 %	3.5 %
U.S. Bonds	293,411,219	66.7%	65.2%	1.8 %	3.4 %
Total Managed Assets	**439,946,289**	**100.0%**	**97.7%**	-1.2 %	4.3 %
Cash	10,289,859	2.3%	2.3%	2.2 %	0.4 %
Total Assets	**450,236,148**		**100.0%**	-1.1 %	4.1 %

Note: Bonds are tax-exempt bonds and returns shown are not adjusted to reflect pre-tax equivalent return.

Celotex Asbestos Settlement Trust Asset Allocation as of December 31, 2018

